## **REMARKS**

As a preliminary matter, claim 3 stands rejected under 35 U.S.C. § 112. Applicants canceled claim 3, without prejudice.

Claims 1-6, 8 and 9 stand rejected under 35 U.S.C. § 102(b) on the basis of Hoshiya et al. (JP '514). Independent claims 1, 8 and 9 have been amended to more clearly distinguish over this reference. Applicants traverse this rejection because the cited reference does not disclose (or suggest) a magnetic head having an MR film and a flux guide formed so as to overlap out of plane with the MR film, as in amended claims 1, 8 and 9. Further, Applicants traverse this rejection because the cited reference does not disclose (or suggest) a magnetic head having a flux guide formed out of plane with and as part of the magnetoresistive film.

In Fig. 6 of Hoshiya et al., the flux guide 11 and the magnetoresistance effect film 10 are disposed in the same plane. By contrast, in the present invention, the MR film (magnetoresistance film) 10 is out of the plane with, or stacked on, the flux guide 8.

In other words, the magnetic head of Hoshiya et al. requires that the flux guide 11 and the magnetoresistance film 10 be formed in a coplanar arrangement, while in the present invention, the flux guide 8 and an insulating film 4 must first be formed so that the magnetoresistance film can be stacked, out of the same plane, on both the flux guide 8 and the insulating film 4. Hoshiya et al. does not disclose (or suggest) forming the

magentoresistance film such that it overlaps and is outside the same plane as the flux guide 8.

For this reason, claims 1-6 and 8 are allowable.

Claim 9 is allowable because it also recites a flux guide that is formed out of plane with and as a part of the MR film.

Claim 7 stand rejected under § 103 on the basis of Hoshiya et al. Applicants traverse this rejection for the reasons given with respect to independent claim 1, as amended. Withdrawal is respectfully requested.

Applicants have also added new claim 10, which applicants submit is allowable for at least the same reasons that render claim 9 allowable.

For the foregoing reasons, applicants believe that this case is in condition for allowance, which is respectfully requested. The examiner should call applicants' attorney if an interview would expedite prosecution.

Respectfully submitted,

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December 1, 2003

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